

Message Text

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PAGE 01 WARSAW 07098 291213Z

47

ACTION EUR-12

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C O N F I D E N T I A L WARSAW 7098

E.O. 11652: XGDS-4

TAGS: PINT, PFOR, EGEN, PL

SUBJECT: MORE ON OCTOBER 23 MINISTERIAL CHANGES

REF WARSAW 7044

1. A KNOWLEDGEABLE POLISH JOURNALIST, ASSESSING THE RECENT MINISTERIAL SHIFTS FOR US ON OCTOBER 24, CONTENDED THAT JAGIELSKI'S REMOVAL FROM THE POST OF PLANNING COMMISSION CHAIRMAN RESULTED FROM HIS INABILITY TO CONTAIN DOMESTIC INVESTMENT PRESSURES. RECALLING THE ADMONITION OF THE LATE POLISH ECONOMIST OSKAR LANGE THAT INVESTMENT IN EXCESS OF 25 PERCENT OF NATIONAL INCOME RISKS PUBLIC UNREST, THE JOURNALIST NOTED THAT THE INVESTMENT LEVEL HAS CLIMBED TO 33 PERCENT DURING THE CURRENT YEAR, DESPITE CONCERTED EFFORTS TO CURTAIL IT. THIS WAS NOT NECESSARILY JAGIELSKI'S FAULT, ACCORDING TO OUR SOURCE, SINCE STRONG PRESSURES HAVE COME FROM THE OLD PROVINCIAL CHIEFS WHO WERE BEYOND JAGIELSKI'S CONTROL. NEVERTHELESS, JAGIELSKI HIMSELF WAS TOO WEAK, IN THE SOURCE'S VIEW, AND HE HAS BEEN REMOVED IN FAVOR OF WRZASZCZYK AND PYKA, TWO YOUNG MEN WHOM OUR SOURCE CHARACTERIZED AS COMBINING TECHNICAL EXPERTISE WITH TOUGH MANAGERIAL ABILITY. WHILE NOT DISCOUNTING THE FACTOR OF JAGIELSKI'S HEALTH, ESPECIALLY RELATIVE TO THE TIMING OF THE CHANGES, CONFIDENTIAL

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PAGE 02 WARSAW 07098 291213Z

OUR SOURCE MAINTAINED THAT THE BASIC MOTIVE WAS THE

REGIME'S NEED TO TIGHTEN CENTRAL ECONOMIC CONTROL.

2. THE SOURCE AGREED THAT THE MOVES PORTEND NO MAJOR POLICY DEPARTURES, BUT RATHER CONFIRM GIEREK'S BASIC APPROACH. HE ANTICIPATED FURTHER CHANGES, BEFORE THE SEVENTH PARTY CONGRESS IN EARLY DECEMBER, SINCE THE REGIME WOULD WANT TO AVOID MAJOR REALIGNMENTS AT THE CONGRESS ITSELF. THE SOURCE CONFIRMED OUR VIEW (REFTEL) THAT PRIME CANDIDATES FOR EARLY REMOVAL FROM THE BURGEONING RANKS OF VICE PREMIER ARE JAGIELSKI HIMSELF AND SZLACHCIC. THEIR REMOVAL WOULD IMPROVE GIEREK'S GRIP ON THE REGIME.

3. COMMENT: THE SOURCE'S STATEMENTS REINFORCE OUR GENERAL VIEW OF THE PRESENT ECONOMIC SITUATION IN POLAND AND GIEREK'S GAME PLAN. BEGINNING LATE LAST YEAR, THE POLISH GOVERNMENT HAS STRESSED THE CONTROL OF INVESTMENT AND CONCENTRATED MAINLY ON ONGOING PROJECTS TO BE COMPLETED DURING 1975, ON EXPORT-RELATED EFFORTS, AND ON ESSENTIAL IMPORT-BASED PROJECTS. NEVERTHELESS, A RECENT POLITYKA ARTICLE CONFIRMED THAT THE INVESTMENT LEVEL THIS YEAR HAS EXCEEDED 30 PERCENT OF NATIONAL INCOME. ONE OF THE RESULTS HAS BEEN A MORE RAPID GROWTH IN DISPOSABLE INCOME THAN IN SUPPLIES OF THE MOST DESIRED CONSUMER GOODS. THE POLITICAL TENSION CAUSED BY THESE SHORTAGES MAY HAVE PRECIPITATED THE MINISTERIAL SWITCHES. WE DOUBT THAT WRZASZCZYK IS TO ACT AS THE PLANNING COMMISSION'S HATCHET MAN, HOWEVER, AT LEAST AS FAR AS FOREIGN TRADE IS CONCERNED, SINCE THIS SECTOR REMAINS ESSENTIAL TO GIEREK'S DEVELOPMENT STRATEGY AND BECAUSE WRZASZCZYK EXCELLED IN IT. IN SUM, WRASZCZYK'S APPOINTMENT APPEARS TO BE AN EXCELLENT ONE AIMED AT TIGHTENING DOMESTIC ECONOMIC CONTROL WHILE AT THE SAME TIME ASSURING CONTINUED DYNAMISM IN FOREIGN TRADE.

DAVIES

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